

Railroad Revolving Loan and Grant Program

Background

The [Railroad Revolving Loan and Grant \(RRLG\) Program](#), under the Department of Transportation (DOT), is for the purpose of improving rail facilities that will spur economic development and job growth and provide assistance to railroads to maintain and improve the rail system.

Historically, the General Assembly has provided funding for rail assistance programs. Prior to the RRLG Program, freight rail improvements were provided via several programs. In 1974, the 65th General Assembly created a Rail Assistance Program (RAP) with an initial appropriation of \$3.0 million from the General Fund in SF 1222 (Energy Policy Council Act). The RAP was originally under the Energy Policy Council, but during the 1975 Legislative Session, HF 433 (Railroad Assistance Act) moved the RAP to the DOT. The RAP was established in [Iowa Code section 327H.18](#) and was used to maintain service on rail lines essential to the state, and construct, restore, and improve rail lines used in common carrier service. Eligible projects included branch lines that carried fewer than five million gross ton-miles per year, as well as terminals and yard facilities, spurs, sidings, switching, and connections.

During the 1986 Legislative Session, the 71st General Assembly expanded the rail assistance statute with a change enacted in HF 2066 (Code and Reorganization Corrections Act). In response, the DOT created the Rail Economic Development (RED) Program that was designed to promote projects that created and retained jobs, and aided in the construction of new rail spurs. And, during the 1998 Legislative Session, the 77th General Assembly enacted HF 2395 (FY 1998 Supplemental Appropriations Act) that created the Railroad Revolving Loan Fund (RRLF) for loans to provide assistance for the improvements and construction of railroad main lines, branch lines, switching yards, sidings, rail connections, intermodal yards, and other railroad-related improvements.

During the 2005 Legislative Session, the 81st General Assembly enacted HF 875 (FY 2006 Infrastructure Appropriations Act) that effectively combined the rail assistance and rail economic development programs along with the RRLF, and created the Railroad Revolving Loan and Grant (RRLG) Fund and corresponding program. The RRLG Program incorporated the rail assistance funding under the RAP and the job creation and economic development aspects from the RED Program and provided both loans and grants from one resource.

Purpose

The RRLG Program, established in [Iowa Code section 327H.20A](#) and in Iowa Administrative Code [761 IAC 822](#), provides financial assistance to rail economic development projects that improve rail facilities and spur economic development and job growth. Projects may include restoration, conservation, improvement, and construction of railroad main lines, branch lines, switching yards, sidings, rail connections, intermodal yards, highway grade separations, and other railroad-related improvements. Beginning in April 2012, funding from the RRLG Program may also be used for rail port planning and development studies. Projects funded through the RRLG Program have typically been to construct or improve industrial spur lines and provide other rail improvements for ethanol and biodiesel plants and other industrial parks throughout the state.

State Funding History

Prior to FY 2006, funding for rail assistance was provided from the General Fund. After the creation of the RRLG Program, the funding source primarily became the Rebuild Iowa Infrastructure Fund (RIIF). Funding levels vary, but between FY 2006 and FY 2014, the amount appropriated totaled approximately \$11.3 million, averaging \$1.3 million annually for those years. **Table 1**, on the following page, shows the funding provided from the infrastructure budget for the RRLG Program for the period FY 2008 through FY 2014. Funds available in the RRLG Program during a fiscal year may exceed the amount appropriated due to loan repayments. Also, funds appropriated do not revert, but remain available for the use in the RRLG Program indefinitely.

More Information

Railroad Revolving Loan and Grant Program: <http://www.iowadot.gov/iowarail/assistance/rrlqp.htm>

Iowa General Assembly: <https://www.legis.iowa.gov/index.aspx>

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Table 1
State Appropriations to the Department of Transportation for the Railroad Revolving Loan and Grant Program
FY 2008 to FY 2014

	Actual FY 2008	Actual FY 2009	Actual FY 2010	Actual FY 2011	Actual FY 2012	Actual FY 2013	Estimated FY 2014
RRLG Program Funding							
RIIF - Rebuild Iowa Infrastructure Fund	\$ 2,000,000	\$ 2,000,000	\$ 1,500,000	\$ 2,000,000	\$ 2,000,000	\$ 1,500,000	\$ 0
Total	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,500,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,500,000</u>	<u>\$ 0</u>

Rail Projects

To qualify for funding, projects must be within one of three categories: targeted job creation with immediate and direct job opportunities, rail network improvements for existing rail lines and service, or rail port planning and development studies. Industries, railroads, local governments, and economic development agencies are eligible to apply for loans or grants. Applications are made to the [DOT Office of Rail Transportation](#) and approved by the Transportation Commission. For the targeted job creation projects, loans have a 20.0% match and grants have a 50.0% match required by the applicant. For the rail network improvement projects, these projects support existing rail lines and no direct job creation is required, but only loans are available to the applicant. **Table 2** shows the projects receiving grants or loans for FY 2012 and FY 2013.

While funding is typically allocated through the project approval process via the Transportation Commission, the General Assembly occasionally specifies certain allocations. For example, in FY 2010, \$1.0 million of the appropriation was directed to replace the railroad bridge in Waterloo that had collapsed and washed away in the 2008 floods. In FY 2011, the entire amount appropriated, \$2.0 million from the RIIF, was allocated to the City of Davenport for a rail transload facility. In FY 2012, an allocation of at least \$200,000 from the \$2.0 million appropriated was specified in legislation for the planning and development of rail ports in Iowa.

Table 2
Railroad Revolving Loan and Grant Program Projects
FY 2012 and FY 2013

<u>FY 2012</u>		<u>FY 2012</u>		<u>Location</u>	<u>State Grant</u>	<u>State Loan</u>	<u>Total Award</u>
<u>Project Applicant/Description</u>	<u>Project Applicant/Description</u>	<u>Project Applicant/Description</u>	<u>Project Applicant/Description</u>				
Burlington Junction Railway	Spur rehabilitation	Burlington			\$ 0	\$ 157,948	\$ 157,948
Butler Logistics Park	Industrial cross dock (transload) facility	Butler County			282,000	423,621	705,621
Cherokee Industrial Corporation	Industrial rail spur construction	Cherokee			0	617,454	617,454
Cedar Rapids and Iowa City Railroad (CRANDIC)	Replacement rail bridge Iowa River crossing	Iowa County			0	2,000,000	2,000,000
Global Foods Processing, Inc.	Industrial rail spur construction	Sioux City			72,000	0	72,000
North Central Iowa Rail Corridor	Rail line acquisition and preservation	Forest City to Belmont			0	400,000	400,000
Valley Distribution Corporation	Industrial rail spur construction	West Burlington			0	218,652	218,652
GMT Corporation	Industrial rail spur construction	Waverly			204,000	185,676	389,676
Total FY 2012	Total FY 2012				<u>\$ 558,000</u>	<u>\$4,003,351</u>	<u>\$ 4,561,351</u>
<u>FY 2013</u>		<u>FY 2013</u>		<u>Location</u>	<u>State Grant</u>	<u>State Loan</u>	<u>Total Award</u>
<u>Project Applicant/Description</u>	<u>Project Applicant/Description</u>	<u>Project Applicant/Description</u>	<u>Project Applicant/Description</u>				
CRANDIC Iowa River Crossing	Replacement rail bridge - North Bridge	Iowa County			\$ 0	\$1,500,000	\$ 1,500,000
Union Pacific Railroad/Canadian National Railway	Rail connector	Iowa Falls			300,000	600,000	900,000
Rail One USA Corporation	Industrial rail spur construction	Clinton and Clinton Co.			372,000	744,000	1,116,000
Burlington Junction Railway	Planning study rail/truck/barge intermodal	Burlington			40,000	0	40,000
Central Iowa Transloading	Planning study facility feasibility	Central Iowa			100,000	0	100,000
Iowa Falls and Hardin County	Planning study rail port	Iowa Falls and Hardin Co.			100,000	0	100,000
Mills and Pottawattamie Counties	Planning study rail port	Mills Co./Pottawattamie Co.			78,400	0	78,400
North Central Ag Industrial Park	Planning study rail spur	Fort Dodge			80,000	0	80,000
Sioux City	Planning study phase II - improved freight rail	Sioux City			100,000	0	100,000
Total FY 2013	Total FY 2013				<u>\$ 1,170,400</u>	<u>\$2,844,000</u>	<u>\$ 4,014,400</u>